

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2899 – HB 3479

June 1, 2010

SUMMARY OF AMENDMENTS (018657, 019030): Amendment 018657 adds language to the original bill that limits eligibility for the Hope Scholarship only to those students who meet all applicable and general requirements and who are entering freshmen at any private postsecondary institution that were ineligible during FY09-10.

Amendment 019030 adds language to the original bill that expands the meaning of “eligible independent postsecondary institution” to include a private four-year institution postsecondary institution that (1) has been chartered in Tennessee as a not-for-profit entity for at least 100 years, (2) has had its primary campus domiciled in Tennessee for at least 125 years, (3) awards baccalaureate degrees, and (4) requires all students to participate in a four-level college work program in which students provide services to the institution and the community.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by an amount exceeding \$100,000 per year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by an amount exceeding \$196,000 per year.

Assumptions applied to amendments:


- According to the Tennessee Student Assistance Corporation (TSAC), Hiwassee College (HC) and Tennessee Temple (TT) are the only additional institutions that would become eligible postsecondary institutions under amendment 018657.
- Under current law, all students who attend HC and TT are ineligible for the Hope Scholarships. Under the proposed bill as amended, all incoming freshmen who are academically eligible that enroll at either HC or TT would be authorized to receive Hope Scholarships.
- The fiscal impact of amendment 018657 is dependent upon the number of academically-eligible students who will enroll at HC or TT as freshmen that would have enrolled at

the institutions in the absence of this legislation and despite the institutions' ineligible Hope status under current law.

- Based on the information provided by TSAC, it is estimated that at least nine freshmen students combined will enroll at HC and TT that would have elected to attend these schools in the absence of this legislation.
- The increase of expenditures from the Lottery for Education Account as a result of amendment 018657 is estimated to be \$36,000 per year (9 students x \$4,000 scholarship = \$36,000).
- According to TSAC, amendment 019030 will authorize Knoxville College (KC) to become an eligible independent postsecondary institution.
- TSAC indicates that students attending KC are not eligible for Hope Scholarships under current law; such students will become eligible under amendment 019030.
- Based on information provided by TSAC and KC, six current students will become eligible for the Hope Scholarship for the fall semester of 2010.
- KC has indicated that it has accepted 59 additional students for the fall semester of 2010.
- KC indicates that approximately 60 percent of accepted students will actually enroll (approximately 35 students).
- Twenty five percent of students who actually enroll will be eligible for the Hope Scholarship (approximately 9 students).
- There will be 15 students attending KC each year who will be eligible for the Hope Scholarship (six from retaining the Hope Scholarship, and nine new students each year).
- The increase of expenditures from the Lottery for Education Account as a result of amendment 019030 is estimated to be \$60,000 per year (15 students x \$4,000 = \$60,000).
- The increase of expenditures from the Lottery for Education Account for the original bill was estimated to exceed \$100,000 per year.
- The increase of expenditures from the Lottery for Education Account for the bill as amended is estimated to exceed \$196,000 per year (\$36,000 + \$60,000 + \$100,000 = \$196,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc